

**STATE OF VERMONT  
CONTRACT FOR SERVICES**

**Contract #** \_\_\_\_\_

1. **Parties.** This is a contract for personal services between the Vermont Department of Health (hereinafter called the "State"), and Fletcher Allen Health Care, Inc., a Vermont non-profit corporation with a principal place of business in Burlington, Vermont (hereinafter called the "Contractor"). The Contractor's local address is 111 Colchester Avenue, Burlington, Vermont. Contractor's Business Account Number from the Vermont Department of Taxes is: \_\_\_\_\_
2. **Subject Matter.** The subject matter of this contract is the provision of clinical psychiatric services to the Vermont State Hospital and the clinical oversight of state-funded mental health programs. A detailed description of the services to be provided by the Contractor is set forth in Attachment A.
3. **Maximum Amount.** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in Attachment B, a sum not to exceed \$2,295,625 during State Fiscal Year 2006.
4. **Contract Term.** The term of this Contract shall begin on July 1, 2005 and end on June 30, 2006, unless earlier terminated in accordance with the termination provisions contained in Attachment D. This Contract shall be automatically renewed for up to four additional one-year terms ending June 30, 2009, unless either Party provides the other with written notice of non-renewal at least 90 days prior to the end of any one-year term.
5. **Prior Approvals.** If approval by the Attorney General's Office or the Secretary of Administration is required, (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.  
  
Approval by the Attorney General's Office is required.  
  
Approval by the Secretary of Administration is required.
6. **Amendment.** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, numbered and signed by the duly authorized representative of the State and Contractor.
7. **Termination.** This contract may be terminated by either party in accordance with the provision of Attachment D paragraphs 4 and 5.
8. **Attachments.** This contract consists of 21 pages including the following attachments, which are incorporated herein:

Attachment A - Specifications of Work to Be Performed  
Attachment B - Payment Provisions  
Attachment C - "Customary State Contract Provisions"  
Attachment D - Other Provisions  
Attachment E - Indemnity

**STATE OF VERMONT  
CONTRACT FOR SERVICES**

WE THE UNDERSIGNED PARTIES AGREE TO BE BOUND BY THIS CONTRACT.

BY THE STATE OF VERMONT:

BY THE CONTRACTOR:

Date:\_\_\_\_\_

Date:\_\_\_\_\_

Signature:\_\_\_\_\_

Signature:\_\_\_\_\_

Name: \_\_\_\_\_

Name:

Title: \_\_\_\_\_

Fed. ID/SS#:

Agency/Dept.: Department of Health

Title:

Phone:

e-mail:

Alternative Contact: (If Applicable )

**APPROVED AS TO FORM:**

Attorney General:\_\_\_\_\_

Date:\_\_\_\_\_

**STATE OF VERMONT  
CONTRACT FOR SERVICES**

**ATTACHMENT A  
SPECIFICATIONS OF WORK TO BE PERFORMED**

**1. Scope of Responsibilities.**

**a. Services to be Provided by Contractor.**

The Contractor shall provide the following services to the State in connection with the oversight of state-funded mental health programs and the operation of the Vermont State Hospital (“VSH”) at its location in Waterbury, Vermont:

- Furnishing the psychiatrists and other personnel (the “FAHC Personnel”) specified in paragraph 2 of this Attachment A to perform the duties assigned to their respective positions, as described in this Contract.
- Providing clinical leadership and direction to VSH through the Contractor’s Psychiatry Service Physician Leader (the “FAHC Chair”), the VSH Medical Director and others designated by Contractor, who will assume responsibility for the clinical supervision of psychiatric services and the other duties specified in paragraph 4 of this Attachment A. The Medical Director will be an employee of the Contractor, but will be administratively responsible to the VSH Executive Director. Clinical leadership and direction shall include participation in the formulation and implementation of clinical policy, procedures, and programs that guide the activity of clinical staff of VSH.
- Providing psychiatric assessment, diagnosis and treatment services through the staff psychiatrists specified in paragraph 5 of this Attachment A (the “Staff Psychiatrists”) for patients who are admitted to VSH, including those admitted patients who are on pre-placement and short visits.
- Participating, through the Medical Director of the Division of Mental Health, with State officials in the clinical oversight of State-funded inpatient and outpatient adult and child mental health programs throughout the State. Clinical oversight shall include consultation with various designated agencies and psychiatric units of designated hospitals, and making recommendations concerning patient care.
- Providing clinical guidance to the State in the coordination and integration of patient care between VSH and psychiatric treatment programs and facilities throughout the State with the objective of optimizing public mental health care services in Vermont.
- Providing psychiatric consultation, as requested by the State, through the FAHC Personnel, for individuals incarcerated in the correctional system, provided that such services do not interfere with the Contractor’s primary responsibilities at the Division of Mental Health and VSH. This responsibility does not include the provision of direct patient care other than to those individuals who are admitted to VSH.
- Providing such additional services as are necessary to the fulfillment of those described above and elsewhere in this Contract and are consistent with Contractor’s status as an Academic Health Center engaged in teaching, research and clinical care.

**b. Retained Responsibilities of State.**

The Contractor's responsibilities under this Contract shall be limited to the specific matters described herein, including such actions as are reasonably necessary to the performance of those responsibilities. The Contractor's responsibilities shall not include, and Contractor shall have no liability or obligation with respect to, any matters as to which the State has retained exclusive authority and control. The State shall retain exclusive authority and control over the following areas of responsibility:

- Administering VSH in compliance with all applicable laws and regulations and in accordance with established standards for similar psychiatric facilities.
- Obtaining all necessary funding to enable VSH to carry out its obligations, including the obligations of the State under this Contract.
- Providing all necessary legal representation, through the Mental Health Legal Division and other State resources, pertaining to the admission, discharge and treatment of patients of VSH.
- Undertaking to provide adequate numbers of trained, competent and properly licensed personnel (including personnel, including both nurses and psychiatric technicians, to maintain services at VSH consistent with applicable standards and legal requirements. In particular, the State shall employ its best efforts to maintain nursing staffing patterns and schedules, which are at least comparable to those used by the Contractor in connection with its own in-patient psychiatric facilities. The State shall use its best efforts to provide that, no later than December 31, 2005, only nurses or medical personnel with a higher level of licensure will administer medications to patients.
- Maintaining the facilities at VSH as needed to provide a safe and appropriate environment for the care of VSH patients, consistent with applicable standards and legal requirements and to provide a suitable work environment for staff of VSH.
- Providing appropriate security measures for all patients admitted to VSH and taking reasonable measures to prevent the elopement of patients of VSH.
- Taking such steps as may be necessary to implementing the clinical recommendations of the Contractor that the State, in its reasonable discretion, may chose to put into practice. Any such actions by the State shall be undertaken in a manner consistent with established practices and standards for psychiatric facilities similar to VSH.
- Responding properly to all requests for public records concerning VSH, the Department of Health or the Division of Mental Health, provided that FAHC Personnel shall provide reasonable cooperation and assistance to the State in producing records within their custody that may be responsive to public records requests.
- Providing suitable and satisfactory office space, information technology, equipment and administrative support staff to FAHC Personnel during the term of this contract;
- Providing appropriate quality assurance and quality improvement function for VSH; and
- Carrying out all other responsibilities of the State with respect to the operation and administration of VSH.

In addition to the foregoing, the State shall have primary responsibility for interacting with and providing needed communications with all third parties concerning the business and affairs of VSH, including mental health advocates, media, and regulatory authorities, and the FAHC Personnel, within the scope of their specific duties under this Contract, shall cooperate with the State in fulfilling such responsibility.

## **2. Personnel.**

The Contractor shall furnish the following FAHC Personnel:

- (i) a qualified psychiatrist to serve as Medical Director for the Vermont Department of Health, Division of Mental Health;
- (ii) a qualified psychiatrist to serve as Medical Director of VSH;
- (iii) such number of core Staff Psychiatrists as are necessary to provide appropriate psychiatric care at VSH. Based upon the current and anticipated operations of VSH, the parties agree that that Contractor shall initially provide up to 5.75 full-time equivalent (FTE) Staff Psychiatrists as reflected in Attachment B. Subsequent to the effective date of this Agreement, the number of Staff Psychiatrists may be adjusted up or down, by agreement of the parties, to maintain an approximate psychiatrist to patient bed ratio of not less than 1 to 8 acute patients and 1 to 10 subacute patients. The parties agree that these ratios, determined retrospectively based on the average census of VSH during the preceding 90 days, shall be used throughout the term of this Contract as a benchmark for determining the appropriate numbers of Staff Psychiatrists to be furnished by Contractor. The ratios will take into account the total admitted census at VSH, including patients residing at VSH and patients on pre-placement or short visits. Whenever there is an adjustment in the number of Staff Psychiatrists to be furnished hereunder, a corresponding adjustment to the Contractor's fee will be made in accordance with the payment provisions set forth in Attachment B.
- (iv) such additional physician staff as are necessary to provide continuous 24-hour on-call coverage as described in section 5 (b).
- (v) up to 2 full-time equivalent psychiatric residents or fellows, who shall participate in the care of patients under the supervision of the Staff Psychiatrists or other supervising physicians that may be designated by the FAHC Chair, subject to applicable graduate medical education requirements. It is contemplated that one of the two positions shall involve placements in community-based mental health centers. The second position shall be placed at VSH, but shall be contingent upon resolution of certain graduate medical education issues pertaining to the accreditation of VSH or the creation of a psychiatric fellowship in Contractor's Department of Psychiatry. Contractor shall be compensated for the work of residents or fellows as set forth in Attachment B.
- (vi) a qualified neurologist, who shall provide part-time neurological care to patients of VSH.
- (vii) such other personnel as the parties shall agree upon in writing.

The FAHC Personnel shall have the specific duties and responsibilities specified in this Attachment A.

### **a. Appointment and Qualifications of Physicians.**

All physicians furnished by Contractor under this Contract ("FAHC Physicians") shall be either board certified or board eligible by the applicable American specialty board. Board eligible physicians shall obtain board certification under the terms and time frames established by the Contractor's Medical Staff

Bylaws. In general, it is the expectation that all newly hired FAHC Physicians furnished by Contractor shall hold full-time faculty appointments at the University of Vermont College of Medicine. All FAHC Physicians shall hold unrestricted licenses to practice medicine in the State of Vermont and unrestricted clinical privileges pertaining to the provision of care to inpatient psychiatric patients at VSH and Fletcher Allen Health Care. All FAHC Personnel shall be selected by the Contractor and approved and appointed by the Commissioner of Health or designee. The Commissioner or designee shall be entitled to interview all candidates and shall have the ultimate decision whether to accept or reject any candidate. The appointment shall be subject to the removal and termination provisions contained in this contract, and, where applicable, the Fletcher Allen Medical Staff Bylaws, and the Fletcher Allen Human Resources Policy. All FAHC Personnel shall be subject to the rules, regulations and policies of the Contractor and the Department of Health and VSH.

**b. Removal from Contract.**

(i) Cause. The Commissioner or designee shall have authority to immediately remove any FAHC Personnel for cause, including: (i) negligent or willful misconduct that is injurious to VSH, or (ii) in the case of a FAHC Physician, the revocation, restriction, or suspension of the physician's license to practice medicine in Vermont or in any other jurisdiction in which the physician is so licensed for any period of time, or (iii) revocation or suspension of privileges at FAHC, or (iv) conviction of a felony, which conviction either shall have been upheld by a court of highest resort or shall not have been appealed prior to expiration of the time within which an appeal may have been taken, or (v) absence from work on a full-time basis, due to physical or mental illness, for a period of time that is at least equal to the, so-called, elimination period in FAHC's physician disability policy, (vi) in the case of a FAHC Physician, failure to adhere to the Compliance Responsibilities set forth in Section 3.02 of the Fletcher Allen Physician Employment Agreement in the event that such failure was preceded by at least two (2) other documented failures for which the physician received written notice, or (vii) any material breach of any of the provisions of the Fletcher Allen Physician Employment Agreement, the Fletcher Allen Medical Staff Bylaws, or the VSH Policy and Procedure Manual if such breach is not cured within thirty (30) days after written notice thereof is delivered to the physician. Upon a physician's removal for cause, and with respect to that physician, the State shall have no further payment obligation to the Contractor.

(ii) Without Cause. The Commissioner or designee shall have authority to permanently or temporarily remove any FAHC Personnel if he or she determines that such would be in the best interest of VSH. In the event that any of the FAHC Personnel are removed without cause (as defined above), Contractor shall be reimbursed in full for costs of FAHC in connection with any FAHC Personnel so removed.

**c. Locum Tenens Physicians.**

The State shall retain direct responsibility for hiring and paying locum tenens physicians, provided however, that all locum tenens physicians shall be supervised by the Contractor and shall be subject to the same clinical oversight and improvement standards as other similarly-situated FAHC Personnel.

**d. Reimbursement of Recruiting and Other Expenses.**

The State shall reimburse the Contractor for all reasonable and necessary expenses related to the recruitment of FAHC Personnel and for all other travel and out-of-pocket expenses incurred by Contractor in the performance of its services hereunder.

**3. Medical Director, Division of Mental Health.**

The Division Medical Director shall collaborate with and assist the Commissioner of Health in systems-wide policy development, planning and implementation, including the development of methods to

achieve ongoing improvement in Department of Health clinical programs. He or she shall work with the Department of Health and other interested parties in implementing the recommendations set forth in the Vermont State Hospital Futures Plan. The Division Medical Director shall also participate in special projects as requested by the Commissioner of Health. The Division Medical Director may on occasion be called upon to provide direct care to patients at VSH. The Division Medical Director shall report to the FAHC Chair who shall annually evaluate the Division Medical Director's performance and provide a copy of the evaluation to the Deputy Commissioner of Mental Health.

The Division Medical Director shall consult with and advise VSH and Designated Agencies to achieve ongoing improvement in adult and child mental health programs. The Division Medical Director shall consult with and advise the Division of Alcohol and Drug Abuse Programs (ADAP) to ensure that best practices are employed in the treatment of patients with substance abuse problems. The Division Medical Director shall make recommendations regarding the use of Preadmission Screening and Resident Review mental health assessment forms.

The Division Medical Director shall provide medical leadership for accountability, program development, quality improvement and utilization management in the implementation of state-of-the-art medical practices in the Vermont public mental health service system for both child and adult services.

Specifically, the Division Medical Director shall:

- Chair the Division Quality Council
- Participate in system-wide clinical policy development
- Develop a trained psychiatric and child psychiatric work force for the community mental health field
- Participate with the Division in the assessment and implementation of emerging evidence based treatments
- Assist the Division in the development of alternative community crisis services
- Provide medical leadership, develop standards and provide oversight in critical areas for the Division, including electroconvulsive treatment, and involuntary procedures at VSH, Retreat Healthcare and Designated Hospitals
- Provide medical liaison with other state departments, in particular the Office of Vermont Health Access (OVHA), Department of Children and Families (DCF) and ADAP.
- Participate in providing access for consumers to receive needed medical/physical health services, particularly consumers in the CRT program
- Consult with designated agencies and hospitals concerning the care of persons with severe and persistent mental illness and children with serious emotional disorders
- Provide medical leadership in the development of prevention of mental illness services
- Participate in the oversight of Designated Community Mental Health Agencies serving the mentally ill as defined by 18 V.S.A. § 8907 ("Designated Agencies"). His or her responsibilities shall include participating in the monitoring of Designated Agencies' compliance with designation standards.

#### **4. Medical Director, Vermont State Hospital.**

In addition to the qualifications for all psychiatrists listed in paragraph 2(a) above, the VSH Medical Director shall be an experienced medical administrator. The VSH Medical Director shall report to the FAHC Chair who shall annually evaluate the VSH Medical Director's performance, and provide a copy of the evaluation to the VSH Executive Director. The VSH Executive Director will set the Director's priorities and work plan after consultation with the VSH Medical Director.

Subject to the statutory authority of the Commissioner of Health and the authority of the VSH Executive

Director with respect to administrative matters, the VSH Medical Director shall be responsible for the following:

- Clinical leadership in the development of an integrated system of care that includes VSH and other psychiatric hospitals or units, as well as community outpatient providers throughout the State. This will include working closely with the Department of Health and the community to implement the Vermont State Hospital Futures Plan.
- Providing professional guidance in the formulation of clinical policy, procedures, programs, and admission and discharge criteria for VSH with the objectives that treatment plans will integrate the multiple clinical specialties at VSH and that evidence-based medicine is an integral component of clinical decision making. Upon the approval and appropriate funding of such policies, procedures or programs by the State, the VSH Medical Director shall provide professional guidance in their implementation.
- Developing policies and procedures for the admission, treatment, transfer, and discharge of patients at VSH that are consistent with best practices in psychiatric care.
- Supervising, annually evaluating, and disciplining Staff Psychiatrists, with input from the VSH Executive Director, in accordance with VSH and Contractor guidelines.
- Arranging for the on-call services to be provided by Contractor under this Contract.

The VSH Medical Director shall collaborate with and assist the VSH Executive Director to:

- Coordinate clinical activities in a manner that is consistent with applicable state and federal law, licensing requirements, and accreditation standards. The State retains primary responsibility for managing and administering all aspects of VSH, including the clinical program, in compliance with applicable state and federal law, licensing requirements, and accreditation standards.
- Review any adverse findings by regulatory bodies or accreditation entities and work to develop and implement corrective action plans to address any such adverse findings.
- Inform the VSH Executive Director of any matter that comes to his or her attention that may place either patients or the community at risk, or that may result in adverse publicity or the loss of public confidence in VSH.
- Identify new opportunities and initiatives for managing service delivery costs, including ensuring that VSH follows appropriate prescribing practices and best practices for management of inpatients with chronic diseases or multiple co-morbidities.
- Participate in the formulation and implementation of all clinical education, training, and research programs, taking an active personal role in teaching and research relating to public mental health systems.

## **5. Staff Psychiatrists.**

### **a. General Responsibilities.**

The responsibilities of the Staff Psychiatrists shall be as follows:



- Effective provision of clinical care and participation in VSH educational, training, and research programs.
- Attending VSH inpatients and collaborating with treatment teams in: 1) development of initial patient assessments; 2) the formulation and implementation of individual treatment plans; 3) the provision of clinical services; and 4) discharge planning; all as relevant to the diagnosis, assessment, treatment, care, and management of VSH patients. Discharge planning shall include consideration and utilization of appropriate, available community resources.
- Participating in various VSH committees such as utilization review, quality improvement, and pharmacy and therapeutics, as requested.
- Supervising medical residents and medical students undergoing training and/or providing care at VSH.
- Providing all necessary assistance to the Division of Mental Health Legal Division in obtaining orders of hospitalization, non-hospitalization and/or involuntary medication, including provision of testimony. The Contractor's responsibilities are contingent upon the Legal Division's provision of the legal and administrative support necessary for the Contractor to provide the necessary assistance.
- Completing on a timely basis all necessary clinical documentation as required by VSH, and state and federal standards.

**b. On-Call Services.**

Contractor shall provide continuous 24-hour on-call coverage for VSH. It is the parties' intent to maintain a flexible approach to staffing these on-call services. Contractor may fulfill this obligation in a variety of different ways, including: (i) requesting that Staff Psychiatrists voluntarily work extra on-call hours beyond their basic on-call responsibility for additional compensation; (ii) hiring one or more physician(s) to provide on-call services daily from 5:00 p.m. to 8:00 a.m., five days per week; (iii) contracting with third-party providers to obtain on-call services; or (iv) any combination of the above. It is expected that Staff Psychiatrists shall be scheduled to provide clinical services at a minimum between 8:00 A.M. to 5:00 p.m. weekdays and that additional time will be spent in continuing medical education and learning needed to provide care to patients. In addition, it is expected that Staff Psychiatrists hired after the effective date of this contract shall participate in the in-house weekday call (five days per week – 5:00 P.M. to 8:00 A.M.) no more often than every ten weekdays without additional compensation. A staff psychiatrist's on call responsibilities shall include no more than sixteen weekend days (8:00 A.M. to 8:00 A.M.) per year and one holiday (8:00 A.M. to 8:00 A.M.) per year without additional compensation. A psychiatrist may elect to participate in additional on-call hours for additional compensation. Time off from work shall be coordinated with the VSH Medical Director.

FAHC Personnel must seek prior approval from the Executive Director, the FAHC Chair, and the VSH Medical Director, before engaging in professional activity outside of VSH. Any such outside activities shall have no adverse impact on the psychiatrist's ability to fulfill his or her responsibilities at VSH.

**6. Program Responsibilities.**

**a. Medical Care.**

FAHC Physicians shall render medical care that is efficacious, efficient and within the standards of care for conditions presented by the patient population at VSH; shall employ evidence-based practices when such practices are available for the diagnoses treated; and shall render care consistent with applicable

ethical and professional guidelines, including those of the American Psychiatric Association, the American Medical Association and the Joint Commission on Accreditation of Healthcare Organizations.

**b. Experimental/Investigational Care.**

As a teaching institution, Contractor is expected to conduct research in the area of public sector psychiatry. Such research may include experimental/investigational treatment, for which informed consent must be obtained and such treatment must be approved by the Contractor's institutional review board, the Agency of Human Service's institutional review board (if applicable) and the Commissioner of Health or his or her designee.

**c. Medical Records.**

The Contractor's responsibilities in relation to medical records are limited to (1) maintaining clinical documentation that is consistent with relevant regulatory and accrediting requirements as well as the documentation standards in place at VSH; (2) furnishing records related to the clinical program upon request from the State; and (3) preparing any compliance reports or taking any other action necessary to comply with HIPAA and its implementing regulations. The State retains responsibility for maintaining and managing the records of VSH and the Division of Mental Health and for responding to public records requests pertaining to such records.

**d. Treatment of Substance Abuse.**

FAHC Personnel shall apply appropriate treatment interventions for patients who have abused alcohol, drugs or other substances.

**e. State and Federal Programs.**

The State shall operate a program that is in compliance with applicable State and federal requirements. The Contractor shall cooperate with the State's efforts to comply with applicable State and federal program requirements related to medical care (e.g., Medicaid and Medicare). If the Contractor has a question regarding the applicability of a State or federal program requirement, the Contractor shall inform the State of the question and the State and/or the Contractor will pursue resolution as necessary with the appropriate agency.

**f. Accreditation.**

It shall be the responsibility of the State to obtain and maintain any accreditation that is necessary or desirable for the operation of VSH. The Contractor will cooperate with the Vermont Department of Health (VDH) in obtaining accreditation of VSH from organizations identified by VDH (e.g., Joint Commission on the Accreditation of Healthcare Organizations and the Centers for Medicare and Medicaid Services) and follow the requirements of the accreditation organizations to the extent the State has implemented a program that allows such compliance to be feasible.

**g. Licensure.**

It shall be the responsibility of the State to obtain and maintain any license or certification that is necessary for the operation of VSH. The Contractor will cooperate with the VDH in obtaining any licenses the VDH may seek to obtain for VSH.

**h. Initial Review.**

Within 120 days of the award of this contract, the Contractor shall complete a review which assesses the clinical standards of the Hospital and design a plan for improvement. The plan shall be presented to the leadership of the Division of Mental Health. The Contractor shall participate in the implementation of the plan upon approval by VDH.

**i. Proactive Aftercare.**

FAHC Personnel will participate in aftercare planning as indicated for the individual patient. All patients will have a comprehensive continuing care plan upon discharge. Staff Psychiatrists will interface, beginning at the time of the client's entry into the program, with social services, community aftercare providers and other entities as necessary to ensure appropriate community follow-up is achieved. The staff will involve the community treatment team in the geographic area to which a patient is discharged. All patients will have a comprehensive continuing care plan upon discharge. The Staff Psychiatrist shall have final authority, within their professional judgment, with respect to approval of the appropriateness of aftercare plans for their patients. In no event shall a physician be required to remain a treating physician for a patient who is not located at VSH when that physician has determined that it is not clinically appropriate for the patient to be away from VSH.

**j. Family Involvement.**

Staff Psychiatrists will conduct a diligent and pro-active effort to engage the family of all admitted patients. This effort will be conducted in a manner that is knowledgeable and respectful of the issues of the family and the patient. Involvement may include others in the event that the patient will not be returning to his/her family's home after placement.

**7. Miscellaneous.****a. Performance Measurement.**

Contractor and the VDH shall agree upon a set of performance measures and a reporting interval for each performance measure within 60 days of the execution of this contract. Examples of measures that may be included are length of stay, reduction of symptoms as measured by rating scales administered at time of admission and discharge, reduction of critical incidents, reduction in use of seclusion and restraint, recidivism rate, medical record documentation and time to patient contact with a community provider upon discharge.

**b. Updates.**

The Contractor shall present a review of Contractor activity at VSH for the Commissioner of Health or his or her designee on no less than a quarterly basis. The Commissioner of Health or his or her designee may request reviews on specific items more frequently.

**c. Rules, Regulations and Policies.**

FAHC Personnel shall be subject to the rules, regulations, bylaws and policies of the VSH and the VDH. Conduct will also be in accordance with the rules and regulations of the Contractor. In the event a conflict of rules, regulations or policies is identified, resolution shall be negotiated expeditiously between the Contractor and the Commissioner of Health or his or her designee.

**d. Administration.**

The Contractor shall make the Executive Director of the VSH aware of issues affecting the Contractor's ability to render appropriate care. If such issues are not resolved in a reasonable period, the Contractor shall inform the Commissioner of Health or his or her designee.

**e. Agent of VDH.**

As a contractor to VDH, Contractor shall not initiate contacts with any other agency or department of State government, or any entity that is a part of the judicial or legislative branches of government on any matter covered by or related to this contract without first coordinating with VDH or unless personnel provided through this Contract reasonably believes such contact is required by law.

**f. Actions against a Provider.**

The Executive Director of VSH shall be notified if: a provider's license is revoked, suspended or restricted by any state; a provider's privileges are revoked, suspended or restricted by FAHC; or a provider loses board certification or eligibility status.

**g. Employment Clauses.**

Contractor shall not include any clause in its agreements with FAHC Personnel which would prevent such Personnel from accepting employment with the State, or, entering into a contractual arrangement with the State or a contractor of the State, following the provider's termination of his or her relationship with the Contractor or termination of this Contract.

## ATTACHMENT B PAYMENT PROVISIONS

### A. Budget.

In consideration of the services to be performed by the Contractor as described in Attachment A, the State agrees to pay the Contractor in accordance with the approved budget set forth in Section B below, not to exceed a contract maximum of \$2,295,625 during State Fiscal Year 2006.

If this Contract is renewed for additional one year terms, the salaries and other amounts reflected in Section B below shall be increased on July 1 of each year as follows: (i) the salaries for existing FAHC Personnel shall be increased by a percentage equal to the average budgeted percentage increase proposed by Contractor for all of its employed physicians for its next succeeding fiscal year; (ii) the proposed salaries for new FAHC Personnel shall be increased by a percentage equal to the percentage increase during the most recently reported 12-months period in the median salary of general psychiatrists as reported by MGMA or a comparable physician compensation reporting organization; (iii) the amounts payable for psychiatry residents and fellows shall be increased to the actual amounts proposed to be paid by Contractors for such psychiatric residents for the succeeding Contract year; and (iv) the indirect cost allocation factor shall be increased from 13% to 26%.

In the event the State gives notice of non-renewal prior to the conclusion of the first year of this Contract, a Termination Fee shall be payable no later than August 1, 2006. The amount of the Termination Fee shall be equal to the difference between (i) the amount of the indirect costs that would have been payable under this Contract using an indirect cost allocation factor of 26% and (ii) the amount of the indirect costs payable using the 13% factor specified in Section B below during the first year of this Contract.

### B. Payment Provisions.

#### **FY 06 Maximum Payment Schedule: Services for CMH**

Physician Staffing	FTE	Proposed Salary	Fringe	Total
Medical Director DMH	1.00	\$169,715	\$47,401	\$217,116
Psychiatry Resident/Fellow	1.00	\$55,562	\$15,518	\$71,081
<b>Total CMH Personnel</b>	<b>2.00</b>	<b>225,277</b>	<b>62,920</b>	<b>288,197</b>
<b>Services for VSH</b>				
Medical Director VSH	1.00	\$165,000	\$46,085	\$211,085

#### **Core Clinical Staffing:**

Psychiatrist	1.00	\$131,413	\$36,704	\$168,117
Psychiatrist	1.00	\$129,037	\$36,040	\$165,077
Psychiatrist	0.75	\$98,559	\$27,528	\$126,087
Neurological Psychiatric Consultation	0.40	\$51,594	\$14,410	\$66,004
Psychiatrist (core UVM faculty)(new position)	1.00	\$160,000	\$44,688	\$204,688
Psychiatrist (core UVM faculty) (vacant)	1.00	\$160,000	\$44,688	\$204,688
Psychiatrist (core UVM faculty) (vacant)	1.00	\$160,000	\$44,688	\$204,688
Sub Total clinical staffing	6.15	\$890,603	\$248,745	\$1,139,348

**"On-Call" Staffing:**

Weeknight physician (new position)	1.00	\$160,000	\$44,688	\$204,688
Per Diem Coverage		\$75,600	\$7,560	\$83,160
Sub-total on-call staffing	1.00	\$235,600	\$52,248	\$287,848

Psychiatry Resident/Fellow	1.00	\$52,801	\$14,747	\$67,548
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<b>Total VSH Personnel</b>	<b>9.15</b>	<b>\$1,344,004</b>	<b>\$361,825</b>	<b>\$1,705,829</b>
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Sub-total personnel	11.15	\$1,569,281	\$424,745	\$1,994,026
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**Non-Personnel Costs:**

Mileage (Resident travel)				\$7,500
Physician Recruitment (@ \$10,000/MD)				\$30,000
Sub-total non-personnel				\$37,500

Total Direct Expense				\$2,031,526
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Institutional Indirect Cost Allocation (@ 13%)				\$264,098
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<b>Total Contract</b>				<b>\$2,295,625</b>
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All invoices shall be sent to:

Shannon Thompson  
Vermont State Hospital  
103 South Main Street  
Waterbury, VT 05671-1601

**ATTACHMENT C**  
**CUSTOMARY STATE CONTRACT PROVISIONS**

1. Entire Agreement: This Contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. Applicable Law: This Contract will be governed by the laws of the State of Vermont.
3. Appropriations: If this Contract extends into more than one fiscal year of the State (July 1 to June 30), and if appropriations are insufficient to support this Contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority.
4. No Employee Benefits For Contractor: The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, workers compensation or other benefits or services available to State employees. The State shall not withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Contract. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to Contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
5. Independence, Liability: The Contractor will act in an independent capacity and not as officers or employees of the State. Subject to the limitations set forth in Attachment E, the contractor shall indemnify, defend and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this Contract.
6. Insurance: Before commencing work on this contract the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with the State through the term of the Contract.

Workers Compensation: With respect to all operations performed, the Contractor shall carry workers compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

**ATTACHMENT C (Cont'd)**  
**CUSTOMARY STATE CONTRACT PROVISIONS**

Premises - Operations  
 Independent Contractors' Protective  
 Products and Completed Operations  
 Personal Injury Liability  
 Contractual Liability

A certificate is required. The policy shall be on an occurrence form and shall not be less than the amount indicated below:

\$1,000,000 Per Occurrence  
 \$1,000,000 General Aggregate  
 \$1,000,000 Products/Completed Products Aggregate  
 \$50,000 Fire Legal Liability

Automotive Liability: The contractor shall carry automotive liability insurance covering all motor vehicles, no matter the ownership status, used in connection with the Contract. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of the State.

7. Reliance By the State on Representations: All payments by the State under this Contract will be made in reliance upon the accuracy of all prior representations by the Contractor, including but not limited to bills, invoices, progress reports and other proofs of work.
8. Records Available for Audit: The Contractor will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Contract.
9. Fair Employment Practices and Americans with Disabilities Act: Contractor agrees to comply with the requirement of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this Contract. Contractor further agrees to include this provision in all subcontracts.



**ATTACHMENT C (Cont'd)**  
**CUSTOMARY STATE CONTRACT PROVISIONS**

10. Set Off: The State may set off any sums which the Contractor owes the State against any sums due the Contractor under this Contract; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.
11. Taxes Due To The State:
- a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.
  - b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
  - c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
  - d. Contractor also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.
12. Child Support: (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:
- a. is not under any obligation to pay child support; or
  - b. is under such an obligation and is in good standing with respect to that obligation; or
  - c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.
- Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.
13. Subcontractors: Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without the prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with paragraph 11 above.

**ATTACHMENT C (Cont'd)**  
**CUSTOMARY STATE CONTRACT PROVISIONS**

14. No Gifts or Gratuities: Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract.
15. Copies: All written reports prepared under this contract will be printed using both sides of the paper.
16. Contractor agrees to comply with the requirements of AHS Rule No. 96-23 concerning access to information. The contractor shall require all of its employees performing services under this contract to sign the AHS affirmation of understanding or an equivalent statement.
17. Suspension and Debarment: Non-federal entities are prohibited by Executive Orders 12549 and 12689 from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all nonprocurement transactions (sub-awards to sub-recipients). By signing this contractor, current Contractor certifies as applicable, that the contracting organization and its principals are not suspended or debarred by GSA from federal procurement and non-procurement programs.

## ATTACHMENT D OTHER PROVISIONS

1. Contractor Expenses: The State shall not be responsible for expenses of the Contractor unless it is so specified in Attachment B.
2. Malpractice/Professional Liability Insurance: Malpractice/ Professional Liability insurance coverage of \$1,000,000 per occurrence must be provided by all health and mental health service providers in addition to the general liability and property damage insurance above. These include, but are not limited to, medical doctors, psychiatrists, therapists, counselors, and nurses.

Malpractice/Professional Liability Required: YES

3. Payment Withholding: Payments may be withheld in whole or in part in the event of failure by the Contractor to comply with the terms of the Contract.
4. Termination by Contractor: Contractor may terminate this Contract upon the occurrence of any one or more of the following events:
  - a. Default by the State in making any payment required by this Contract if not made within 30 days of when due;
  - b. Failure by the State to comply with any of its retained responsibilities specified in paragraph 1(b) of this Attachment A for a continuous period of at least 60 days after written notice from Contractor specifying the nature of the failure; provided, however, if the specified failure is one that cannot reasonably be corrected with due diligence within a period of 60 days, then Contractor shall have no right to terminate if: (i) the State presents a reasonable plan of remediation to Contractor within such 60-day period; (ii) the plan provides for correction of the failure within not more than 180 days; and (iii) the State diligently and continuously pursues the plan and corrects the failure within the time specified in the plan.
5. Termination by State: The State may terminate this Contract upon the breach by Contractor of any of its obligations under this Contract and the failure to cure such breach within 60 days after written notice from the State specifying the nature of the breach.
6. Resolution of Disputes: With respect to all disputes arising under or relating to this Contract, ("Disputes"), the parties agree to use best efforts to resolve the Dispute first through normal institutional channels and the officers or officials of each party responsible for resolution of the issues in controversy. If the parties are unable to resolve the Dispute by an action plan satisfactory to both within a reasonable time not to exceed thirty (30) days of initial notice of the dispute, either party may seek to resolve the Dispute by final and binding arbitration conducted under the jurisdiction of the American Health Lawyers Association by a single, impartial arbitrator, selected by the parties, with experience, expertise and appropriate qualifications in matters involving the particular Dispute that is the subject of the arbitration. The decision of the arbitrator shall be final and binding upon the Parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction in the United States. The award shall include written findings of fact, a summary of the evidence and reasons underlying the decision and conclusions of law. The arbitrator shall have the power to award all lawful, legal relief, in

**ATTACHMENT D (Cont'd)**  
**OTHER PROVISIONS**

accordance with the provisions of this Agreement. However, the arbitrator shall not have the right to award punitive damages. As part of the award, the arbitrator may award reasonable and necessary costs actually incurred by the prevailing party on a claim or counterclaim, as determined by the arbitrator in his or her award, including that party's share of the arbitrator's fees, costs and expenses, as well as any administration fees. The arbitrator may also include reasonable attorneys' fees in an award of costs if the arbitrator finds that the party against whom the fees are assessed acted frivolously or in bad faith in its demand for, or participation in, the arbitration.

**ACKNOWLEDGMENT OF ARBITRATION: WE UNDERSTAND THAT THIS AGREEMENT CONTAINS AN AGREEMENT TO ARBITRATE. AFTER SIGNING THIS AGREEMENT, EXCEPT AS HEREIN PROVIDED, WE UNDERSTAND THAT WE WILL NOT BE ABLE TO BRING A LAWSUIT CONCERNING ANY DISPUTE THAT MAY ARISE WHICH IS COVERED BY THIS ARBITRATION AGREEMENT, UNLESS IT INVOLVES A QUESTION OF CONSTITUTIONAL LAW OR CIVIL RIGHTS. INSTEAD, WE AGREE TO SUBMIT ANY SUCH DISPUTE TO AN IMPARTIAL ARBITRATOR.**

7. Certification Process: This Contract and any amendments thereto shall not be binding on either party until they have been certified by the Attorney General's Office under the provisions of 3 V.S.A. Section 311(a)(10), approved by the Governor or the Governor's designee on Form AA-14 (when applicable) and signed by the authorized person in the contracting agency. In the event this Contract is executed by the parties prior to these prerequisites, but such conditions are subsequently met, the commencement date set forth in this Contract shall control.
8. The Contractor assures the State that the Contractor possesses the legal authority to enter into the Contract.
9. The Contractor assures that it has adequate administrative and accounting controls, personnel standards, evaluation procedures, available in-service training and technical assistance, and operating policies and procedures as are necessary to promote the effective use of funds under this Contract.
10. The Contractor shall establish safeguards to ensure that the Contractor's agents and employees avoid the realization, possibility or appearance of personal gain for themselves, or those with whom they have family, business or other ties, as a result of their position with, or relation to, the Contractor.
11. Ownership of Equipment: Any equipment purchased by or furnished to the Contractor by the State under this Contract is provided on a loan basis only and remains the property of the State.

## **ATTACHMENT E INDEMNIFICATION**

The defense and indemnification provisions of paragraph 5 of attachment C include only those claims, lawsuits, or actions for declaratory or injunctive relief that are alleged to arise as a result of the Contractor's negligence, intentional misconduct, or violation of law related to the Contractor's performance under the Contract ("Covered Claims"). Covered Claims shall not include any claim, lawsuit or action that is alleged to result from the failure of the State to carry out or perform any of its retained responsibilities specified in paragraph 1(b) of attachment A. The Contractor shall be obliged to defend and indemnify all Covered Claims regardless of whether the Contractor or the Contractor's agents or subcontractors are named as parties to the action.

When the State tenders a claim for defense and indemnification to the Contractor, the Contractor shall respond in writing within ten calendar days. Where a response to the claim or suit must be filed with the court prior to the expiration of the ten-day period, the State shall so inform the Contractor. Where so notified, the Contractor shall take any action necessary to avoid prejudice to the State's interests, including but not limited to the timely filing of responsive pleadings. Where the Contractor in good faith disputes that it is under an obligation to indemnify the State, the State shall control its own defense, which defense shall be funded by the Contractor. In the event the Contractor wrongfully withholds a defense or indemnification, the State shall be entitled to recover reasonable attorneys' fees, costs, and expenses it incurs in enforcing the right to indemnification.

The parties agree to cooperate with one another in the investigation and handling of any claim alleged to be a Covered Claim. The Office of the Attorney General and the State will monitor the defense of all Covered Claims and counsel retained by the Contractor shall cooperate fully with such monitoring. The State retains the right to participate, at its own expense, in the defense and/or trial of any Covered Claim where the Contractor is defending the Covered Claim. The State shall have the right to approve or reasonably withhold approval of all proposed settlements of Covered Claims.